# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:928
ANSWERED ON:28.07.2000
MAURITIUS BASED COMPANIES
AJAY CHAKRABORTY;CHANDRA BHUSHAN SINGH;INDRAJIT GUPTA;MOHAMMED SHAHABUDDIN;RENUKA CHOWDHURY;SURESH RAMRAO JADHAV (PATIL);SUSHIL KUMAR SAMBHAJIRAO SHINDE;VILAS BABURAO MUTTEMWAR;Y.S. VIVEKANANDA REDDY

**Will the Minister of FINANCE be pleased to state:**

(a) whether recently a number of companies have started using the Mauritius route to avoid payment of tax on capital gains;

(b) if so, the details in this regard;

(c) the number of such companies along with their registered office in Mauritius and have signed the Double Taxation Avoidance Agreement (DTAA) in the year 1998-99 and 2000, so far;

(d)the estimated loss on account of non-payment of taxes by these Companies, FIIs during the year 1999 and 2000, so far;

(e) whether the Government are considering to change this procedure in view of misuseof this treaty;

(f) if so, the time by which the Government propose to review this taxation treaty; and
(g) if not, the main reasons therefor?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR)

(a) & (b) Mauritius based Foreign Institutional Investors(FIIs) have been investing from 1993, after Government of India allowed foreign investment in Indian capital market, in September, 1992. These companies are not taxable in India in regard to capital gains on sale of shares of Indian companies under the Double Taxation Avoidance Convention (DTAC)between India and Mauritius of 1983.

(c) There is no requirement for these companies to sign DTAC. From January 1993 till 31-3-2000, 135 FIIs /sub-accounts registered in Mauritius have invested in India.

(d) Benefits availed under the treaty do not amount to non-payment of tax or misuse of the treaty.

(e), (f) & (g) Does not arise in view of reply to part (d).